

Minutes of Waukesha County Airport Operations Commission
December 14, 2011

Meeting called to order at 8:05 a.m. by Vice-chairman Bluemke.

Commissioners Present: Bluemke, Schoepke, and Richards. Absent: Crowley and Falstad.

Others Present: Kurt Stanich, Airport Operations; Val Ramos, Airport Administration; Mike Eddy, Stein's Aircraft Services; Steve Janke, 2331 Aviation Drive hangar purchase; Joseph Cottrell, hangar owner; Harry Becker, Atlantic Aviation; Roger Dibble, Stratus Hangar (2331 Aviation Drive) and Laurie Stein, Stein's Aircraft Services.

Approve modify minutes of Minutes of October 12, 2011

Motion to approve October 12, 2011 minutes by Richards with second by Schoepke. Motion passed.

Public Comment/Correspondence – None.

Discussion and action on lease assignment of Stratus Hangar, 2331 Aviation Drive (Roger Dibble) to BG Hangar, LLC (Steve Janke) –

Dibble – Hangar is located on Aviation drive and built three years ago. Hangar will be sold to Mr. Janke, who has a Baron on the field and will store the aircraft in the hangar. This is the exact lease assignment reviewed by Corporation Counsel and approved by the Commission in 2010, but the hangar sale did not go through.

Bluemke – Is everything in order to approve this request?

Stanich – Everything is in order. This is a standard lease assignment and sent to Corporation Counsel for review. We have not received a reply from Corporation Counsel. We are asking conditional assignment be made subject to Corporation Counsel's approval.

Richards – Motion to approve, with second by Schoepke, of lease assignment 2331 Aviation Drive (Stratus Hangar) to BG Hangar, LLC (Steve Janke) subject to approval by Corporation Counsel. Motion passed.

Discussion and action on Application for Aircraft Self-Fueling Permit from Stein's Aircraft Services, LLC-

Stanich – The Commission received an updated summary on this agenda item prior to this meeting. Self-fueling permit from Stein's Aircraft Services, LLC (SAS) received November 30, 2011 and worked closely with them on this. Would like to commend SAS on how well the material was put together and on acquiring all of the information needed to get to this point. The materials were reviewed and everything is well organized and clearly labeled. SAS has exhibited a good demonstration of the knowledge it will take to get this done. All of the National Fire Protection Association and Safety Standards are in line.

During the review two material facts surfaced. One, SAS is a subleasee to Select Leasing the owners of Safro Hangar at 2651 Aviation Drive. The County has an operating agreement with SAS but this operating agreement can be terminated if their lease with Select Leasing is terminated for whatever reason. This presents risk for both parties if the County enters into a self-fueling permit and process with SAS should something happen and they do not have hangar space and the only agreement the County has is the fuel farm. The major fact is that SAS is an Aircraft Management Company. The County Ordinance written in 2000 states that in order to do self-fueling, the company or person doing the self-fueling must own or have exclusive lease on the aircraft they will be fueling. SAS, being a Management Company they have exclusive management contracts but they do not have any ownership interest in those aircraft. This was presented and discussed with SAS and also Allison Bussler (Public Works). SAS is requesting a change to the County self-fueling ordinance to allow aircraft management companies that have exclusive management contracts with specific aircraft to be able to have a fuel farm and self-fuel.

Research required for changing a few words in an ordinance is very substantial, mostly based on FAA Guidance Rules and Regulations. We need to follow the exact rules and regulations required because we do not want to lose grant

assurance money. We must also follow County Board procedures because they will ultimately be the ones who approve if the self-fueling application permit goes through.

Recommendation from airport management is to table the application request at this time. This will allow us more time to research other requirements are needed and what is needed to change the ordinance, or not change the ordinance.

Richards – Have we heard comments from the FBO on this subject because this will effect them.

Becker – This is the first we are hearing about a request. The biggest concern the FBO has is this will open the door to anyone who can sell fuel to whomever because you do not know who the airplanes belong to. This happened in Milwaukee. Sterling was fueling anyone who went through the hangar and no policing of this so there is no control of where that fuel is going. This is a direct competition of the FBO.

Bluemke – What was outcome of this situation with Sterling?

Becker – Not sure on final outcome. They were going back and forth with Signature and a suit was involved but not sure what resulted.

Bluemke – Was Signature essentially forced to give heavy discounts and they purchased the fuel from Signature?

Becker – The situation was gradual. There was a similar situation where Scott Aviation was in the FBO hangar and then purchased the hangar and it had a fuel farm. Initially is started out where they had enough aircraft that they owned. But then they were managing more aircraft than they actually owned and they started fueling whoever came to the ramp.

Mrs. Stein – It is not SAS's intent on becoming an FBO or to fuel any transient aircraft on their ramp. There is a big difference in what Sterling and SAS do. Sterling is heavy on charter service where SAS is heavy on Part 91 Management. SAS has one charter aircraft, and this has been mandated to be excluded. SAS can choose to be charter or Part 91. SAS's will be a Part 31 since this is the bulk of their business.

Bluemke – It appears the fueling of SAS's aircraft will not impact the FBO (Atlantic).

Mrs. Stein – Yes, it will substantially impact the FBO, but the FBO is substantially impacting SAS's business at this point. SAS has received many inquiries from other aircraft to move to Waukesha but the first thing mentioned is fuel prices at Waukesha are sky high. This is negatively impacting SAS's business and they have lost potential clients because of the fuel prices being so high.

Regarding the lease agreement with Select Leasing, SAS is in negotiations to change the agreement and SAS has first right of refusal on any offer to purchase the hangar. SAS is deeply vested in the Waukesha County airport.

Bluemke – One of the major factors of the County is the lease agreement between SAS and Select Leasing. How long is SAS lease with Select Leasing.

Mrs. Stein – Perpetual renewing lease with Select Leasing with a ten year price structure in place. SAS has a long term commitment.

Bluemke – SAS has a long commitment but the County does not know if Select Leasing does.

Mrs. Stein – That is true but SAS does have first right of refusal, Select cannot sell the hangar out from under SAS.

Richards – Is fuel farm on County land or on Select Leasing land.

Mrs. Stein – SAS is proposing the fuel farm be constructed on County land adjacent to where current fuel farm is.

Schoepke – Is this comparable to what Quad/graphics proposed back in 2000?

Stanich – Not here at that time but has done research on this and it seems Quad was proposing to install a fuel tank on their leased property. SAS is requesting to install a fuel farm similar to what exists now.

Mr. Stanich proceeded to show the Commission the exact area of the current fuel farm (owned by the County and operated by the FBO). SAS is interested in a lot adjacent to the existing fuel farm. SAS will have a 5,000 gallon truck that will come to remove fuel, take it to their ramp and store the truck in a designated area. They will fuel up their aircraft and come back at the end of the day to refuel.

Schoepke – Will the fuel farm be expanded?

Stanich – No, it will be a separate facility on its own.

Schoepke – Being unhappy with fuel prices at the airport, have you spoken with Mrs. Bussler about this?

Mrs. Stein – Based on conversations with Mrs. Bussler, she will do what Mr. Markano and Mr. Stanich advise her to do.

Schoepke – Would like information /summary on how this decision was made in 2000. How can this Commission make a decision without knowing how this came about in 2000. What was reviewed to implement this type of detail in the ordinance.

Richards – Recall that the fuel subject came up to off set some of the services the FBO was required to provide.

Schoepke – This was protection for the FBO. The Ordinance hindered competition.

Bluemke – At the time the FBO contract came up, the desire was to obtain a FBO would do the most good for the airport. As part of this, there was a contract for the fuel and other related services they had to provide. At that point in time it did not hinder competition and made the FBO contract more attractive.

Bluemke – Apparently SAS has exhausted all negotiations with the FBO and feel there is no other way than making this fuel farm investment because the FBO will not provide the fuel prices desired to run their business.

Mrs. Stein – Agrees.

Bluemke – No doubt this effects Atlantic, they are the primary contractor (FBO) on the field and this negatively effects them.

Richards – Another big concern with Quad was safety and the access of fueling trucks coming on the airfield and were regulations being followed (were they properly equipped with extinguishers, etc.). Who would regulate this at the airport? Would Quad negotiate with vendors on pricing and who they were fueling or who was coming in for fueling.

Mrs. Stein – SAS has addressed all of the safety issues in the binder given to Mr. Stanich.

Cottrell – This is a very complicated issue and opens a Pandora's box at the airport. The Commission needs to research these issues in depth before making such an important decision.

Bluemke – Much of this developed from the fact that the airport was not going to have an FBO. The County worked very hard to attract an FBO to the airport. To do this, concessions and contracts were made, and Atlantic was not involved in these negotiations. The Commission agrees with Mr. Cottrell that this is a very complex issue.

Mrs. Stein – Has exhausted all options with Atlantic.

Bluemke – Commission is sympathetic to Mrs. Stein's situation and had tried working with Atlantic to lower fuel prices and perhaps there may be a need for drastic change. In regards to the ordinance, making a change to the ordinance is not easily accomplished, there are County procedures to follow in order to make a change.

Richards – Is the Commission in any position to make a recommendation? Is this based on Corporation Counsel? Is this for our information?

Stanich – At this point, Mr. Stanich is not comfortable in making any kind of recommendation on this agenda item. This basically rests with SAS's definition of their company, how a few choice words fit into the airport's grant assurances and their business model. We need to protect the airport making sure the decisions made are in the best long term (20-40 years) interest of the airport. to table this agenda item for now and investigate further on what can be done to provide this service.

Schoepke – The Commission agrees this is very important and needs more research be done before making any kind of decision on this agenda item. The County Board and Mrs. Bussler need to know that the Commission feels this is an important issue that needs to be addressed.

Bluemke – Is there a motion?

Stanich – Recommend to table this agenda item for further research and discussion.

Richards – Encourage the County not take a long time (year) to study this request. It is pertinent and should be immediately looked at.

Stanich – The County wants to work diligently making sure all of the legal steps are covered, following the correct process, getting the right definitions and making a recommendation to Mrs. Bussler and the County Board as quickly as possible.

Item 4 – Application for Aircraft Self-Fueling Permit from Stein's Aircraft Services, LLC tabled for further research and discussion.

Chairman's Report – None

Airport Manager's Report

- **Restaurant** – County is in favor of a restaurant at the airport. This will be incorporated in the Master Plan for 2012 and seek approval from the County Board on this. All restaurant information/research obtained was written into a report and given to Mrs. Bussler for review. Updates will be provided to the Commission.
- **Entrance Sign** – Public Works was still working on this in December and will discuss in January with Keith and Kurt.
- **Snow Removal Season** – Phenomenal. No problems since there has been any snow.
- **Hangar Demolition** – Demolition of T Hangar 674 in the southeast hangar area is now complete. Demolition work on hangar 511 is being done this week. In 2013 a new T-hangar will be constructed in southeast area to replace hangar 674.
- **SCA FBO** – Spring City is working on presenting a business plan and financial to the County for review.
- **Maintenance Building** – Negotiations are underway for purchase of the maintenance building by PlaneSafe. We should have an appraisal of the building by February 15th and meet with PlaneSafe on negotiations.
- **AAAE** – Recommendation is being made to cut funding for FAA contract towers in general aviation. Letters will be sent to WI legislators stressing the safety importance of this program in general aviation towers.
- **Cell Towers** – The two cell towers have finally been removed. We have Mead & Hunt working on a new (straight) approach to runway 10/28.
- **Strategic Planning** – We are very involved in the strategic planning process with Public Works. It is going very well.

- **Century Fence** – Initial appraisals by the County were presented to Century Fence for review. Century Fence will contact the County after reviewing the appraisals. At that time, they can decide if it is acceptable and if they are interested in negotiating. If not acceptable, they can request another appraisal.

Tower Activity and Fuel reports

Traffic – Tower activity down for the month and the year. Will finish the year about 4%-5% down from 2010.

Fuel – Fuel about 1.5% down from 2010 and 100 LL was 100% higher than 2010.

Future Agenda Items

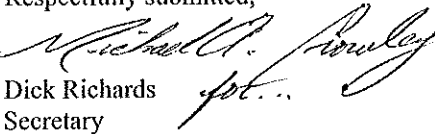
Restaurant on airport grounds

Adjourn

Vice-chairman Richards moved with second by Schoepke to adjourn. Motion carried. Meeting adjourned 9:02 a.m.

Next meeting: Wednesday, January 11, 2012 at 8:00 a.m.

Respectfully submitted,


Dick Richards
Secretary

December 14, 2011